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Possibility of operating guided tours, bookstores and gift shops at the United Nations Office at Nairobi and the cost implications thereof

Report of the Secretary-General*

Summary

In response to the request made by the General Assembly in paragraph 4 of its resolution 58/263 of 23 December 2003 and following a review of location of premises for all non-essential operations as part of ensuring compliance with the Headquarters Minimum Operating Security Standards, the United Nations Office at Nairobi (UNON) has undertaken a feasibility study for the operation of guided tours, gift shops and other activities on UNON premises, aimed at promoting the image of the United Nations.

The study indicated the possibility of a resumption, in the year 2007, of activities of the United Nations gift shop, previously closed for security reasons, and of the UNICEF card stand at the off-site building for UNON commercial operations, which will be part of the measures for the strengthening of the security of the UNON compound.

Regarding the guided tours, it has been determined that given the limited number of tourists anticipated, the costs of operating a visitors' service would significantly exceed the potential revenue from the sale of tickets to visitors, requiring consistent subsidies to cover its financial deficit. On this basis, the Secretary-General recommends against operating guided tours at the UNON premises.

The General Assembly may wish to take note of the present report.

* The present report is being issued following completion of the feasibility study on the subject, as indicated in document A/58/727.

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1. By paragraph 4 of its resolution 58/263 of 23 December 2003, the General Assembly requested the Secretary-General to report to it at the second part of its resumed fifty-eighth session on the possibility of operating guided tours, bookstores and gift shops at the United Nations Office at Nairobi (UNON) and the cost implications thereof. In his note to the Assembly dated 3 March 2004 (A/58/727), the Secretary-General advised the Assembly that, given the ongoing review of UNON compliance with the Headquarters Minimum Operating Security Standards, he would submit the requested report to the Assembly at its fifty-ninth session.

2. At present, UNON operates the United Nations gift shop as part of its commercial operations located within the security boundaries of the UNON compound. The location of these operations was recently reviewed in the context of compliance of the compound with Headquarters Minimum Operating Security Standards. The review indicated the need for relocation of all commercial operations outside the compound perimeter. In the interim, the gift shop was temporarily closed for security reasons.

3. By its resolution 59/276, section XI, of 23 December 2004, the General Assembly approved funds for UNON for the construction of a new off-site building to accommodate UNON commercial operations. The United Nations gift shop will also be relocated to that building. The new structure, currently at the architectural design phase, will be located outside the main security perimeter. Construction is expected to be completed by the end of 2006.

4. In the context of the feasibility study undertaken in compliance with resolution 58/263, UNON reviewed the profile of the gift shop and identified measures to focus its activities on the sale of United Nations branded items to be produced in the host country. It is also foreseen that the gift shop will expand its activities to include the sale of books and United Nations publications.

5. As in the past, it is envisaged that the gift shop will operate as a self-sustained commercial operation, run on a full cost-recovery basis, involving no programme budget resources for its financing and not accruing income for the Organization.

6. The possibility of operating guided tours for visitors was also reviewed in the context of the feasibility study. One conclusion of the study was that the UNON compound lacks those landmark features which characterize the United Nations compounds in New York and Geneva. Its artefacts collection, donated by Member States, is significantly smaller than the collections on exhibit at United Nations premises in New York and Geneva. These factors would diminish the attractiveness of the UNON compound for visitors. It is also anticipated that such activities would be insignificant in volume, in view of the limited number of visitors, mostly tourists from the host city, anticipated. Should the guided tours be organized, they would be limited, for security reasons, to United Nations exhibitions organized at the United Nations Library premises in the UNON complex. The guided tours could be organized in English and Swahili. That would require the establishment of several positions of tour guides as well as a capacity for the sale of tickets and supervision of the operation. The organizational structure for the guided tours would need to be supported by funds to cover the cost of the acquisition of projectors, video, television and other equipment, the preparation, deployment and periodic replacement of exhibit panels along the routes, as well as funds for promotional activities and operational costs.

7. As it will be recalled from financial data on the operations of the visitor services at Headquarters, the United Nations Office at Geneva and the United Nations Office at Vienna, these activities historically operate on a financial deficit basis. That deficit for the biennium 2002-2003 at Headquarters comprised $1.9 million and represented 42 per cent of total generated revenues; at Geneva, it comprised a deficit of $0.8 million, or 108 per cent of biennial revenues, and at Vienna it comprised $0.5 million, or 379 per cent of biennial revenues. A similar performance was reported by those visitors' services in 2004. Bearing in mind the financial performance of visitors' services in those three main locations, it is anticipated, for the reasons given in paragraph 6 above, that the visitors' services at Nairobi would result in a financial loss for the Organization in an amount from $200,000 to $250,000 on a biennial basis.

8. Based on the financial considerations and bearing in mind the anticipated limited scope of such services at UNON, the establishment of the guided tours operation at UNON is not recommended.

Conclusions and recommendations

9. **Following the anticipated completion, in 2006, of the off-site building for the UNON commercial operations, the United Nations gift shop and other similar operations will be relocated to that building and resume their activities. The profile of the gift shop will be expanded to include the sale of United Nations branded items to be produced in the host country, as well as the sale of books and United Nations publications. This will be implemented on a full cost-recovery basis with no financial implications for the United Nations programme budget.**

10. **For the reasons given in paragraphs 6 and 7 above, it is anticipated that the operation of guided tours at UNON would be limited in scope and conducted within the premises of the United Nations Library of UNON. Furthermore, on the basis of experience of the visitors' services at Headquarters, Geneva and Vienna, it is likely that the UNON operation would also result in a financial deficit for the Organization. Based on the foregoing considerations, the establishment of the guided tours operation at UNON is not recommended.**

11. **The General Assembly may wish to take note of the present report.**